



General Assembly

February Session, 2012

***Raised Bill No. 203***

LCO No. 1241

\*01241\_\_\_\_\_INS\*

Referred to Committee on Insurance and Real Estate

Introduced by:  
(INS)

***AN ACT REQUIRING PAYMENT FOR DIMINUTION OF VALUE UNDER  
AN AUTOMOBILE LIABILITY INSURANCE POLICY.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 38a-353 of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective October 1, 2012*):

3 (a) Whenever an insured under an automobile liability insurance  
4 policy is liable to a third party for damages caused by such insured to  
5 such third party's motor vehicle, the insurer shall include in the  
6 payment made for such damages the amount of the diminution of  
7 value of such motor vehicle. The Insurance Commissioner shall adopt  
8 regulations, in accordance with the provisions of chapter 54, to  
9 establish methods or entities acceptable for the determination of the  
10 amount of the diminution of value.

11 [(a)] (b) (1) Whenever any damaged motor vehicle covered under an  
12 automobile insurance policy has been declared to be a constructive  
13 total loss by the insurer, the insurer shall, in calculating the value of  
14 such vehicle for purposes of determining the settlement amount to be  
15 paid to the claimant, use at least the average of the retail values given

16 such vehicle by [(1)] (A) the National Automobile Dealers Association  
 17 used car guide or any other publicly available automobile industry  
 18 source that has been approved for such use by the Insurance  
 19 Commissioner, and [(2)] (B) one other automobile industry source that  
 20 has been approved for such use by said commissioner. For the  
 21 purposes of this section, "constructive total loss" means the cost to  
 22 repair or salvage damaged property, or the cost to both repair and  
 23 salvage such property, equals or exceeds the total value of the property  
 24 at the time of loss.

25 [(b)] (2) The insurer shall provide to the claimant, not later than the  
 26 date the insurer pays the claimant the settlement amount for such  
 27 vehicle, [(1)] (A) a detailed copy of such insurer's calculation of such  
 28 vehicle's constructive total loss value, [(2)] (B) if applicable, a copy of  
 29 any valuation report provided to the insurer by any automobile  
 30 industry source that is not publicly available, and [(3)] (C) a written  
 31 notice disclosing that the claimant may dispute such settlement  
 32 amount by contacting the Insurance Department. The written notice  
 33 shall include the following statement, which shall appear in the final  
 34 paragraph of the notice in not less than twelve-point type: "If you do  
 35 not agree with this valuation, you may contact the Consumer Affairs  
 36 Division within the Insurance Department". The notice shall include  
 37 the address and toll-free telephone number for the division and the  
 38 Insurance Department's Internet address.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2012	38a-353

***Statement of Purpose:***

To require insurers to include diminution of value in payments for damages caused to a third party's motor vehicle by an insurer's insured.

*[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]*